

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AGR-05 AID-05 CEA-01 CIAE-00  
COME-00 EB-08 EA-10 FRB-03 INR-10 IO-13 NEA-11  
NSAE-00 ICA-11 OPIC-03 SP-02 TRSE-00 LAB-04  
SIL-01 OMB-01 SS-15 SOE-02 DODE-00 DOE-15 H-01  
INT-05 L-03 NSC-05 PM-05 OES-07 STR-07 ACDA-12  
NRC-05 PA-01 /184 W  
-----126368 191702Z /46

R 191539Z JUN 78  
FM AMEMBASSY VIENNA  
TO SECSTATE WASHDC 6865  
INFO AMEMBASSY BONN  
AMEMBASSY BRUSSELS  
AMEMBASSY PARIS  
AMEMBASSY STOCKHOLM

C O N F I D E N T I A L SECTION 01 OF 02 VIENNA 05588

BRUSSELS FOR USEEC  
PARIS FOR USOECD

E.O. 11652: GDS  
TAGS: EEC, EAID, EFIN, GW, AU  
SUBJECT: "KREISKY PLAN" UPDATE

REF: A) BONN 10546, B) STATE 135092, C) STOCKHOLM 1983

1. SUMMARY. AS DEPARTMENT IS AWARE, A "KREISKY PLAN"  
PROVIDING IN VARYING WAYS FOR UTILIZING UNEMPLOYED  
PLANT CAPACITY AND WORKERS IN INDUSTRIAL COUNTRIES TO  
INCREASE RESOURCE FLOWS TO LDCS HAS BEEN AROUND --  
ALWAYS IN SOMEWHAT NEBULOUS FORM -- -OR EIGHT YEARS.  
AT PRESENT IT IS BEING HEARD OF MORE OFTEN THAN IN THE  
LAST YEAR OR TWO, BUT AGAIN IN VERY GENERAL TERMS,  
AND EVEN THESE ARE NOT ALWAYS THE SAME. WE ARE NOT  
AWARE OF ANY SPECIFIC PROPOSALS THAT WOULD TIE THE  
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PLAN TO OPEC, SPECIFICALLY TO THE OPEC SPECIAL FUND,  
BUT THE POSSIBILITY OF SOME RECYCLING FROM INDIVIDUAL  
OPEC MEMBER COUNTRIES CAN NOT BE RULED OUT. ALTHOUGH  
THE NAME "KREISKY PLAN" SEEMS TO HAVE BECOME ASSOCIATED  
WITH THE SPD PROPOSED SOUTHERN EUROPEAN MARSHALL  
PLAN, WE BELIEVE THERE REMAINS A DISTINCTION BETWEEN  
THAT EFFORT AND THE TRADITIONAL "KREISKY PLAN", WHICH

LATELY HAS BEEN IDENTIFIED MOST CLOSELY WITH INFRA-STRUCTURE DEVELOPMENT IN AFRICA. HOWEVER, GIVEN AUSTRIAN INTEREST IN STRENGTHENING THEIR RELATIONS WITH THE MEDITERRANEAN COUNTRIES MOVING TOWARD THE EC (VIZ. IN AN EFFORT TO MINIMIZE TRADE DISCRIMINATION DURING THE TRANSITION PROCESS ) AND PRIDE IN ANYTHING THAT MIGHT BEAR THE CHANCELLOR'S NAME, WE DO NOT SEE THEM OBJECTING SHOULD A CONNECTION BE DRAWN. END SUMMARY.

2. IN RECENT CONVERSATION GOA OFFICIAL PLAYING LARGE ROLE IN AUSTRIAN DEVELOPMENT ASSISTANCE POLICIES TOLD EMBOFF THAT INTEREST IN THE KREISKY PLAN HAS INCREASED RECENTLY DUE TO ASSESSMENTS IN AUSTRIA AND OTHER COUNTRIES THAT UNDER-UTILIZATION OF INDUSTRIAL CAPACITY IN WESTERN EUROPE WILL BE A LONG TERM PROBLEM. THE KREISKY PLAN PRESENTS A POSSIBLE MEANS TO COUNTERACT GROWING UNEMPLOYMENT.

3. THIS SOURCE MENTIONED NATIONAL BANK RESERVES, NATIONAL BUDGET APPROPRIATIONS AND SUBSIDIZED LOANS FROM CAPITAL MARKETS AS POSSIBLE SOURCES OF FINANCING BUT THOUGHT THE FIRST TWO TO BE UNLIKELY POSSIBILITIES, CERTAINLY IN AUSTRIA, BECAUSE OF CURRENT BUDGET AND TRADE DEFICITS. HE ALSO NOTED THE COMPLEXITIES OF OBTAINING FUNDING IN THE CAPITAL MARKET FOR INTEREST-SUBSIDIZED LOANS.

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4. DISCUSSIONS OF THE SCHEME ARE TAKING PLACE WITH OTHER COUNTRIES, ACCORDING TO THIS OFFICIAL, BUT NO MOVEMENT TOWARD IMPLEMENTATION HAS RESULTED. SOME SORT OF "MULTILATERAL COORDINATING COMMITTEE" WOULD HAVE TO BE SET UP TO IDENTIFY EXCESS DONOR CAPACITY AND TO MATCH THIS WITH COUNTRIES NEEDING ASSISTANCE, ETC; AND ALSO TO FORMULATE A "CODE OF CONDUCT". (UNIDO HAS BEEN MENTIONED IN PAST IN THIS CONNECTION). HOWEVER, PROJECT BIDDING AND FINANCING WOULD BE BILATERAL AND COMPETITIVE.

5. GRANT AID WOULD BE POSSIBLE IN THIS SCHEME BUT OUR SOURCE COULD NOT ESTIMATE HOW MUCH. IT WOULD BE OFFSET BY A COUNTERPART-FUND SYSTEM TO PAY LOCAL COSTS. (IT SHOULD BE NOTED HERE THAT ALTHOUGH THE KREISKY PLAN IS SOMETIMES REFERRED TO AS A "MARSHALL PLAN", ITS NATURE DOES NOT REALLY COINCIDE WITH THE LATTER).

6. ASKED WHY A NEW ASSISTANCE SCHEME WAS NECESSARY OR DESIRABLE THE GOA OFFICIAL SAID THAT IT WOULD OFFER

PARTICIPATING COUNTRIES A WAY OF GIVING MORE DEVELOPMENT ASSISTANCE WHILE AVOIDING ADDITIONAL HARD CURRENCY CONTRIBUTIONS TO EXISTING PROGRAMS. FURTHER, MORE, THESE PROGRAMS OFFER UNTIED ASSISTANCE, WHILE A BASIC CONDITION OF THE KREISKY PLAN IS THAT ASSISTANCE MUST BE 100 PER CENT TIED. AS SUCH, THE PROGRAM MIGHT NOT HELP SUPPLIER COUNTRIES VERY MUCH, BUT IT COULD ASSIST IN MAINTAINING FULL EMPLOYMENT.

8. RECYCLING OPEC OIL DOLLARS THROUGH THE SCHEME MIGHT BE POSSIBLE ACCORDING TO OUR SOURCE, BUT THIS WOULD

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C O N F I D E N T I A L SECTION 02 OF 02 VIENNA 05588

BRUSSELS FOR USEEC  
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PROBABLY COME FROM INDIVIDUAL OPEC COUNTRIES RATHER THAN FROM THE OPEC SPECIAL FUND IN VIENNA. IF THIS WERE DONE, HOWEVER, A WAY WOULD HAVE TO BE FOUND TO GUARANTEE AND INDEX RETURNS TO THE LENDERS, BUT IF THIS COULD BE ACCOMPLISHED, OPEC MONEY MIGHT BE HAD FOR LESS THAN PREVAILING OPEN MARKET RATES. WOLF

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC CONDITIONS, LABOR RELATIONS, LESS DEVELOPED COUNTRIES, CONSTRUCTION, INDUSTRIAL PLANTS  
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**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
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**Disposition Approved on Date:**  
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**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
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**TAGS:** EAID, EFIN, GE, AU, EEC, OPEC  
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